

ASX Announcement

28 November 2012

Capital Reduction and Return

Further to the announcement dated 23 October 2012, Chalice Gold Mines Limited (ASX:CHN/TSX:CN) would like to advise shareholders that, subject to shareholder approval at the Company's upcoming Annual General Meeting (AGM) at 9.00 am on 30 November 2012, the proposed equal capital reduction and return is expected to take effect in accordance with the following timetable.

AGM to approval equal capital reduction	30 November 2012
Last date of trading on a pre-capital return basis	4 December 2012
Record date for determining entitlement to participate in capital return	10 December 2012
Dispatch of cheques to shareholders	On or before 14 December 2012

Note: This timetable is indicative only and subject to change.

As previously outlined, Chalice has received a draft Class Ruling from the Australian Taxation Office ('ATO') indicating that the proposed distribution will not be taxed as a dividend. It is estimated that, subject to shareholder approval, the ATO will publish the Class Ruling on or around 5 December 2012. The Company will release full details of the Class Ruling shortly thereafter.

For further information on the proposed equal capital return and reduction, please refer to the 2012 AGM Notice of Meeting which has been sent to all shareholders and was released to the ASX and SEDAR in Canada on 24 October 2012.



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Forward Looking Statements

This document may contain forward-looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”). These forward-looking statements are made as of the date of this document and Chalice Gold Mines Limited (the Company) does not intend, and does not assume any obligation to update these forward-looking statements except as required by law or regulation.

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Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the likelihood of exploration success, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as plans, expects or does not expect, is expected, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry, whether shareholders would vote in favour of such a return of capital if put before them at a meeting of the shareholders, as well as those factors detailed from time to time in the Company’s interim and annual financial statements, all of which are filed and available for review on SEDAR at sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.